

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7704**

**BILL NUMBER:** HB 1627

**NOTE PREPARED:** Feb 4, 2003

**BILL AMENDED:** Feb 4, 2003

**SUBJECT:** Telecommunications Services.

**FIRST AUTHOR:** Rep. Mahern

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill states the authority of the Indiana Utility Regulatory Commission relating to: (1) the unbundling of telecommunications services; and (2) establishing rates and charges for interconnection and network elements.

The bill provides that the Indiana Utility Regulatory Commission may not regulate a provider of high speed Internet access service or broadband service unless the regulation is imposed equally and uniformly upon all providers of the services.

The bill requires an incumbent local exchange telecommunications service provider to provide unbundled access to certain network elements to the extent specifically required by FCC regulations.

The bill authorizes a provider of telecommunications services to take certain actions to persuade a customer who has switched to another provider to return to the original telecommunications provider.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) The bill will require the IURC make adjustments to certain rates and charges currently established for interconnection, collocation, and network elements before August 1, 2003. The Commission estimates that adjusting the rates and charges before August 1, 2003 could require the hiring of additional staff.

The other provisions in the bill will require the IURC to evaluate current procedure, however, they are not expected to have a significant fiscal impact.

*Background on IURC and Office of the Utility Consumer Counselor (OUCC) Funding:* The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2002, fees from the utilities and fines generated approximately \$9.5 M.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** John Parkey, 317-232-9854